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C O N F I D E N T I A L SECTION 1 OF 4 LA PAZ 5562

EO 11652: GDS
TAGS: MASS, BL
SUBJ: ASSESSMENT OF U.S. SECURITY ASSISTANCE PROGRAMS

REF: (A) LA PAZ 4773, (B) LA PAZ 5188, (C) LA PAZ 5150,
(D) STATE 133136

THE FOLLOWING RESPONSES ARE KEYED TO PARAGRAPHS OF REFTEL:

3. CHARGE'S STATEMENT

A CONTINUING SECURITY ASSISTANCE RELATIONSHIP IN FY 1979
WOULD, I BELIEVE, CONTRIBUTE TO PROTECTING U.S. INTERESTS
AND ACHIEVING OUR OBJECTIVES IN BOLIVIA AND IN THE SOUTHERN
CONE. I BASE THIS JUDGMENT ON THE ANALYSIS BELOW OF
US INTERESTS AND OBJECTIVES IN BOLIVIA, WITH SPECIAL
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EMPHASIS ON THE FACT THAT BOLIVIA HAS A MODERATE, RELATIVELY
PROGRESSIVE AND DEVELOPMENT-ORIENTED MILITARY GOVERNMENT
WHICH PROBABLY WILL RETAIN POLITICAL POWER FOR AN
INDEFINITE PERIOD. IT IS WELL TO BEAR IN MIND THAT THIS
MILITARY GOVERNMENT HAS TAKEN A MUCH MORE RECEPTIVE AND
MODERATE STAND ON HUMAN RIGHTS AND RELATIONS WITH THE US
THAN NEIGHBORING COUNTRIES AND IT HAS SERVED, IN A VERY

MINOR WAY, AS A MODERATING INFLUENCE ON THEM. THE GOB HAS RESISTED BEING DRAWN INTO A SOUTHERN CONE "BLOCK" WHICH WOULD TAKE A CONFRONTATIONALIST ATTITUDE TOWARD THE US, DESPITE ITS OWN NEED TO MAINTAIN FRIENDLY RELATIONS WITH THESE SAME NEIGHBORS. ALSO, TO DATE, BOLIVIA HAS REFUSED TO BECOME ENGAGED IN THE ARMS RACE IN THE REGION AND HAS KEPT ITS MILITARY AND ARMS EXPENDITURES AT A REDUCED LEVEL, AN UNUSUAL ACCOMPLISHMENT FOR A MILITARY GOVERNMENT. IT HAS ADOPTED A DIPLOMATIC AND POLITICAL STRATEGY TO HELP MAINTAIN PEACE AND STABILITY IN THE REGION, AND TO ACHIEVE ITS OTHER FOREIGN POLICY GOALS. THIS ALSO IS COMPATIBLE WITH US INTERESTS AND IDEALS. IN MY JUDGMENT, A SMALL CONTINUING SECURITY ASSISTANCE PROGRAM IS ESSENTIAL TO US INTERESTS TO HELP MAINTAIN THE BOLIVIAN MILITARY'S PRESENT PRO-US ORIENTATION AND MODERATE MILITARY POSTURE. THIS CAN BE ACCOMPLISHED BY MAINTAINING AN ODC PRESENCE FOLLOWING THE TERMINATION OF THE MILGROUP, FULFILLING OUR COMMITMENT TO EQUIP FIVE "TIPO" REGIMENTS, CONTINUING A SMALL GRANT MILITARY TRAINING PROGRAM AND OFFERING AN FMS CREDIT PROGRAM AT ABOUT THE CURRENT LEVEL (\$14 MILLION PROGRAMMED FOR FY 1978).

THE GOB HAS NOT MADE A DECISION YET ON USE OF THE FY 1978 FMS CREDIT. UNOFFICIALLY, WE UNDERSTAND THE GOB MAY DECIDE NOT TO ACCEPT THE CREDIT BECAUSE THE TERMS ARE TOO HARD. UNTIL SOME OFFICIAL WORD IS RECEIVED ON BOLIVIA'S INTENTIONS RE A FMS PROGRAM, HOWEVER, IF FAVOR PLANNING ON

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AN OFFER OF SUCH A CREDIT DURING FY 1979.

END OF CHARGE'S STATEMENT.

SUMMARY

THE PRINCIPLE US INTERESTS SERVED BY MAINTAINING A SECURITY RELATIONSHIP WITH BOLIVIA WOULD BE: 1) TO HELP PRESERVE OUR EXISTING CORDIAL AND COOPERATIVE RELATIONS WITH BOLIVIA'S MILITARY GOVERNMENT; 2) TO MAINTAIN SOME INFLUENCE OVER BOLIVIA'S SECURITY AND ARMS PURCHASING POLICIES AS THEY RELATE TO THE POLITICAL/MILITARY SITUATION IN THE SOUTHERN CONE; 3) A SECURITY ASSISTANCE RELATIONSHIP WOULD ALSO HELP ACHIEVE THE US OBJECTIVE OF PROMOTING HUMAN RIGHTS IN BOLIVIA THROUGH SOCIAL AND ECONOMIC DEVELOPMENT, ASSUMING THE GOB WERE TO CONTINUE USING FMS CREDITS FOR PURCHASE OF ITEMS ECONOMICALLY BENEFICIAL TO THE NATION, AS IN THE PURCHASE OF A C-130 TRANSPORT AIRCRAFT AND ROAD CONSTRUCTION EQUIPMENT WITH PREVIOUS FMS CREDITS. (SEE PARM FOR BOLIVIA LA PAZ 2320). OUR GENERAL OBJECTIVE, THEN, IS TO USE A MODEST SECURITY ASSISTANCE RELATIONSHIP TO PROMOTE AND PROTECT A FRIENDLY ENVIRONMENT FOR US INTERESTS IN BOLIVIA. OUR SPECIFIC MILITARY OBJECTIVES FOR THE TIME

PERIOD BEING CONSIDERED WILL BE TO ENCOURAGE CONTINUATION OF BOLIVIA'S PRESENT MODERATE ARMS PURCHASING POLICY, TO SEE CONTINUED USE OF THE BULK OF FMS CREDITS FOR ECONOMICALLY BENEFICIAL PURPOSES WHEREVER POSSIBLE, AND TO PROVIDE A SMALL TRAINING PROGRAM IN THE USE OF US MILITARY EQUIPMENT AND TECHNIQUES.

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C O N F I D E N T I A L SECTION 2 OF 4 LA PAZ 5562

BOLIVIA'S MILITARY HAVE HELD POLITICAL POWER ALMOST CONTINUOUSLY SINCE 1964 AND ARE LIKELY TO REMAIN POLITICALLY DOMINANT FOR THE FORESEEABLE FUTURE, EVEN THOUGH A RETURN TO CIVILIAN PARTICIPATION IN GOVERNMENT IS PLANNED FOR 1980. US SECURITY ASSISTANCE HAD AN IMPORTANT PSYCHOLOGICAL INFLUENCE IN STABILIZING THE BANZER REGIME AFTER THE OVERTHROW OF THE LEFTIST TORRES GOVERNMENT IN 1971. A SMALL CONTINUING SECURITY ASSISTANCE PROGRAM WOULD SYMBOLIZE US INTEREST IN FRIENDLY RELATIONS WITH THE PRESENT GOVERNMENT AND PRODUCE REAL BENEFITS IN TERMS OF BOLIVIAN COOPERATION WITH THE USG IN MULTILATERAL INSTITUTIONS, BENEFICIAL COMMERCIAL RELATIONS, INCLUDING A FRIENDLY CLIMATE FOR US INVESTMENT, AND A COOPERATIVE RESPONSE TO US INTERESTS ON BEHALF OF HUMAN RIGHTS. SECONDLY, A SMALL SECURITY ASSISTANCE PROGRAM GIVES US SOME ENTRY INTO BOLIVIAN MILITARY DECISION MAKING. ALTHOUGH

TENSIONS BETWEEN CHILE, PERU, ECUADOR AND BOLIVIA HAVE
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DIMINISHED SINCE THE BEGINNING OF 1977, THERE REMAINS GREAT CONCERN WITHIN THE BOLIVIAN MILITARY THAT THE PERUVIAN ARMS BUKLD UP AND THE APPROACHING CENTENNIAL ANNIVERSARY OF THE WAR OF THE PACIFIC REPRESENT A REAL THREAT OF WAR NEAR THE DECADES END. SO FAR, PRESIDENT BANZER HAS SHOWN GREAT RESTRAINT IN REFUSING TO PERMIT ANY SUBSTANTIAL ARMS EXPENDITURES, DESPITE PRESSURES FROM SOME MILITARY OFFICERS TO ADOPT A POLICY OF BUILDING A MILITARY FORCE OF SUFFICIENT SIZE TO REPRESENT A DETERRENT. IN OUR VIEW, SUCH A POLICY WOULD LIKELY CONTRIBUTE FURTHER TO AN ARMS RACE IN THE REGION. A CONTINUING SECURITY ASSISTANCE PROGRAM GIVES PRESIDENT BANZER A MINOR RESOURCE TO USE IN PARTIALLY SATISFYING HIS MILITARY OFFICERS, OFFERING US THE OPPORTUNITY TO ENCOURAGE MODERATION IN BOLIVIA'S ARMS PURCHASING AMBITIONS.

4.A. THE FEELING AMONGST THE BOLIVIAN MILITARY INCLUDING POSSIBLY THE PRESIDENT HIMSELF, IS THAT PERU AND CHILE WILL GO TO WAR BY 1980 AND THAT AS A RESULT OF THIS CONFLICT BOLIVIAN TERRITORY AND AIR SPACE WILL BE VIOLATED BY THE BELLIGERENTS. SO FAR, THE GOB HAS ADOPTED A POLITICAL AND DIPLOMATIC STRATEGY TO PROTECT ITSELF. IT ENGAGES IN SEMI-ANNUAL DISCUSSIONS WITH THE MILITARY CHIEFS OF PERU AND CHILE (MOST RECENTLY THE MEETINGS ERE HELD IN SANTA CRUZ, BOLIVIA, JULY 4-7, 1977), TO ENHANCE MUTUAL UNDERSTANDING. THE GOB HAS INDICATED TO THE USG ITS INTEREST IN OUR PLAYING A MODERATING AND PEACE KEEPING ROLE IN THE REGION. IT IS BELIEVED THAT THE GOB HAS APPROACHED BRAZIL TO REQUEST THAT COUNTRY TO PROVIDE SOME GUARANTEE OF BOLIVIA'S INTEGRITY. THE GOB ALSO IS SEEKING A LARGER INTERNATIONAL ROLE IN THE HOPES THIS WILL CREATE SUPPORT FOR ITS TERRITORIAL INTEGRITY. THE 1978 OASGA WILL OCCUR IN LA PAZ, AND THE GOB IS SEEKING A UN SECURITY COUNCIL SEAT FOR THE 1978-1980 PERIOD, WHICH THE GOB HOPES MAY ASSIST IT TO GENERATE
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INTERNATIONAL SUPPORT FOR PREVENTION OF WAR OR PROMPT CESSATION OF HOSTILITIES IF THEY OCCUR. PRESIDENT BANZER IS ALSO ENGAGED IN A SERIES OF VISITS WITH OTHER LATIN AMERICAN LEADERS TO SOLIDIFY RELATIONS.

INTERTWINED WITH THESE DIPLOMATIC MEASURES ARE BOLIVIA'S EFFORTS TO NEGOTIATE A SOVEREIGN OUTLET TO THE SEA WITH CHILE AND PERU. BANZER'S TRAVELS AND INCREASED GOB

ACTIVITY IN THE OAS AND UN ALSO HAVE THIS END IN MIND. SOME GOB LEADERS BELIEVE A SEA OUTLET SETTLEMENT WOULD RESOLVE A LONGSTANDING SOURCE OF FRICTION IN THE REGION AND THAT A BOLIVIAN CORRIDOR TO THE SEA BETWEEN CHILE AND PERU WOULD SERVE AS A BUFFER ZONE AND REDUCE THE CHANCES FOR HOSTILITIES.

AN ALTERNATIVE STRATEGY PROPOSED BY SOME GOB MILITARY LEADERS IS THAT IN ADDITION TO THESE DIPLOMATIC/POLITICAL EFFORTS, BOLIVIA SHOULD ENGAGE IN AN ARMS MODERNIZATION PROGRAM SUFFICIENTLY LARGE TO POSE A DETERRENT TO VIOLATION OF ITS BORDERS BY CHILE AND/OR PERU. DEFENSE WOULD BE BASED ON ANTI-TANK MEASURES ALONG BOLIVIA'S ALTIPLANO BORDER WITH PERU AND POSSIBLY CHILE AND SOME SORT OF AN AIR DEFENSE SYSTEM. THE COST OF SUCH A MODERNIZATION PROGRAM IS NOT WELL DEFINED, BUT WOULD CONCEIVABLY RUN INTO \$200 MILLION OR MORE. SO FAR PRESIDENT BANZER APPARENTLY HAS NOT ACCEPTED A MODERNIZATION POLICY, PRESUMABLY BECAUSE HE BELIEVES BOLIVIA CANNOT AFFORD TO DIVERT RESOURCES AWAY FROM THE NATION'S DEVELOPMENT PROGRAM. HE HAS PERMITTED THE MILITARY TO ENGAGE IN SOME WINDOW SHOPPING AND THE GOB HAS RECEIVED OFFERS OF CREDITS FOR MILITARY PURCHASES OF ABOUT \$200 MILLION FROM WESTERN COUNTRIES. BOLIVIAN OFFICIALS HAVE INDICATED PRIVATELY TO EMBASSY OFFICERS THAT THE SOVIETS HAVE ALSO OFFERED SUBSTANTIAL ARMS CREDITS WHICH THE GOB DECLINES TO ACCEPT FOR POLITICAL REASONS.

THE EMBASSY GENERALLY AGREES WITH BOLIVIA'S CURRENT DIPLOMATIC/POLITICAL STRATEGY. AN EXTENSIVE ARMS MODERNIZATION PROGRAM
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WOULD DIVERT RESOURCES AWAY FROM BOLIVIA'S ECONOMIC DEVELOPMENT, WHICH IN TURN COULD CREATE DOMESTIC POLITICAL PROBLEMS. MORE IMPORTANTLY, SUCH A POLICY MIGHT CONTRIBUTE TO THE ARMS RACE BETWEEN PERU AND CHILE, EITHER BECAUSE EACH FEARED BOLIVIA WOULD JOIN THE OTHER SIDE, OR BECAUSE THEY WOULD NEED GREATER FORCES TO OVERRIDE BOLIVIAN DEFENSES IF A MILITARY STRIKE THROUGH (OR OVER) BOLIVIA WERE PART OF THEIR PLANS. WE BELIEVE IT IS IN THE US INTEREST TO CONTINUE DISCRETELY ENCOURAGING ARMS MODERATION AMONG ALL THREE PARTIES. HOWEVER, IF THE GOB DOES ARRIVE AT A POLICY DECISION TO LAUNCH A MILITARY MODERNIZATION PROGRAM IN VIEW OF THE MAJOR PURCHASES BEING MADE IN PERU, WE DO NOT SEE HOW THE USG COULD JUSTIFIABLY REFUSE BOLIVIAN REQUESTS TO PURCHASE REASONABLE AMOUNTS OF DEFENSE ORIENTED WEAPONS, ASSUMING THAT SUPER-SOPHISTICATED WEAPONS WERE NOT INVOLVED. TO DO SO WOULD BE TO DENY A FRIENDLY GOVERNMENT THE ABILITY TO DEFEND ITSELF AND WOULD SURELY ADVERSELY AFFECT OUR BILATERAL RELATIONS.

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4.B. IN THE ABSENCE OF THE THREAT POSED BY THE PRESENT SITUATION BETWEEN CHILE, PERU, ECUADOR, BOLIVA, THE ONLY OBJECTIVE OF A SECURITY ASSISTANCE RELATIONSHIP WOULD BE THE FIRST ONE IN PARAGRAPH 3, I.E., TO PRESERVE OUR PRESENT FRIENDLY RELATIONS WITH BOLIVIA'S MILITARY GOVERNMENT. SINCE THE MILITARY IS LIKELY TO CONTINUE HOLDING POLITICAL POWER, THE CURRENT RELATIONSHIP HELPS US TO ACHIEVE OTHER OBJECTIVES, SUCH AS IN HUMAN RIGHTS, AS DESCRIBED IN PARA 3. ON THE SECOND HALF OF THE QUESTION IN 4B, THERE IS SOME CONCERN IN BOLIVIA THAT BRAZIL WILL SEEK TO FULFILL A MANIFEST DESTINY TO HAVE ACCESS TO THE PACIFIC AND MAY ATTEMPT TO SWALLOW UP BOLIVIA TO ACHIEVE THIS. SUCH A SCENARIO SEEMS FAR FETCHED, BUT IN ANY EVENT WE DON'T SEE WHAT BOLIVIA COULD DO, MILITARILY, TO PREVENT IT. THERE IS ALSO APPARENT CONCERN IN PARAGUAY THAT BOLIVIA MIGHT HAVE REVANCHIST AMBITIONS TO REGAIN TERRITORY LOST TO
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PARAGUAY DURING THE CHACO WAR. IT IS DOUBTFUL THAT BOLIVIA COULD EVER DEVELOP THE MILITARY CAPACITY TO THREATEN PARAGUAY,

BUT IF BOLIVIA WERE TO MODERNIZE AND NOT SATISFACTORILY EXPLAIN ITS REASONS TO PARAGUAY, PERHAPS PARAGUAYAN AND BOLIVIAN RELATIONS WOULD BECOME STRAINED. PRESIDENT BANZER RECENTLY MET WITH PARAGUAYAN PRESIDENT STREOSNER, AND THERE IS NO SIGN THAT THE GOB HAS ANY AMBITIONS TO REGAIN CHACO LANDS.

4.C. BOLIVIA'S MILITARY ESTABLISHMENT HAS BEEN DETERMINED LARGELY BY THE SCARCITY OF FINANCIAL RESOURCES THE GOB HAS ALLOCATED TO THIS REQUIREMENT. CONSEQUENTLY, BOLIVIA HAS ONLY THE MOST MINIMAL MILITARY CAPABILITY. THE CURRENT GOB DEFENSE STRATEGY IS BASICALLY POLITICAL/DIPLOMATIC AND NOT MILITARY. WHILE THE MILITARY THEMSELVES WOULD DOUBT-LESS LIKE TO SEE GREATER EXPENDITURES ON ARMS PURCHASES, LARGELY AS A RESULT OF THEIR PERCEPTION OF THE POSSIBILITY OF BEING INVOLVED IN A CONFLICT BETWEEN CHILE AND PERU, SO FAR THE GOB HAS NOT (TO OUR KNOWLEDGE) MADE SUCH A DECISION. IF IT DOES, WE BELIEVE EMPHASIS WOULD BE PUT ON DEFENSIVE CAPABILITIES ALONG THE PERUVIAN AND POSSIBLY SOME PARTS OF THE CHILEAN BORDER. THIS WOULD PRIMARILY INVOLVE ANTI-TANK WEAPONS, SUCH AS MINES, ANTI-TANK MISSILES, AND ARTILLERY. AN AIR DEFENSE CAPABILITY MIGHT ALSO BE ATTEMPTED, CONSISTING POSSIBLY OF A DEFENSE AIRCRAFT, PROBABLY THE F-5, AND RADAR AND ANTI-AIRCRAFT WEAPONS.

FOR THE REASONS INDICATED ABOVE, WE BELIEVE THAT BOLIVIA'S CURRENT POLICIAL/DIPLOMATIC STRATEGY IS REASONABLE, AND THAT UNDER PRESENT CIRCUMSTANCES A VASTLY INCREASED WEAPONS PURCHASING PROGRAM COULD CONTRIBUTE TO THE PRESENT PERU-CHILE ARMS RACE. IF THE GOB WERE TO DECIDE TO ENGAGE IN SUCH WEAPONS PURCHASES, DESPITE OUR EFFORTS TO URGE MODERATION, WE BELIEVE

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THE U.S. SHOULD NOT REFUSE TO SELL MODERATE AMOUNTS OF DEFENSIVELY ORIENTED AND NON-SOPHISTICATED WEAPONS.

4.D. FOLLOWING ARE LISTED THE DEFENSE ARTICLES AND SERVICES WHICH THE GOB MIGHT POSSIBLY WISH TO ACQUIRE FROM THE US IN FY 1979:

1. C-130H AIRCRAFT. FMS CREDIT. THIS WOULD BE THE THIRD OR FOURTH AIRCRAFT OF THIS TYPE IN THE INVENTORY. USE WOULD BE FOR INTERNATIONAL AND INTERNAL CARGO AIRLIFT IN CONINUATION OF MODERNIZATION OF TRANSPORTATION. US INTERESTS WOULD CENTER ON THE EXPANDING EXPORT MARKET GOVERNED BY AVAILABILITY OF RELIABLE AND EFFICIENT AIR TRANSPORTATION FROM US MARKETS TO BOLIVIA.

2. TRAINING. IMET FINANCING. CONTINUATION OF TRAINING IN BOTH CANAL ZONE AND US SCHOOL IN BASIC SKILLS APPLICABLE TO

BOTH THE MILITARY AND CIVILIAN SECTORS, I.E., ELECTRICIANS, HEAVY EQUIPMENT OPERATORS, AUTO AND AIRCRAFT MECHANICS, COMMUNICATIONS REPAIRMEN, ETC. US INTEREST WOULD BE TO MAINTAIN INFLUENCE OF CULTURE, IDEALS, ETC., THROUGH THE SCHOOL MEDIUM.

3. F-5 AIRCRAFT--CONTINGENT UPON INITIATION OF ACQUISITION OF THIS TYPE OF AIRCRAFT IN FY 78. FMS CASH. GOAL WOULD APPEAR TO BE TO BUILD TO ONE SQUADRON OF 20 AIRCRAFT AT A COST OF ABOUT \$100-150 MILLION TO REPLACE OBSOLETE F-86/T-33 AIRCRAFT. PRIMARY UTILIZATION WOULD BE DEFENSE AND INTERNAL SECURITY. US INTEREST WOULD BE TO ASSIST A FRIENDLY GOVERNMENT IN MODERNIZATION OF A VERY MODEST FIGHTER AIRCRAFT CAPABILITY AND MAINTAIN INFLUENCE THROUGH SOURCE OF SUPPLY AND SPARE PARTS.

4.E. ASSUMING THE GOB MAINTAINS ITS PRESENT POLICY, THE ECONOMIC IMPACT OF A SMALL FMS CREDIT PROGRAM WOULD BE NIL OR POSSIBLY EVEN POSITIVE, AS IN THE CASE OF THE C-130. BOLIVIA'S MILITARY EXPENDITURES AS A PERCENTAGE OF THE CONFIDENTIAL

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NATIONAL BUDGET HAVE BEEN TRENDING DOWN AND ARE RELATIVELY MODERATE COMPARED TO MANY COUNTRIES (SEE LA PAZ 4773).

A POLICY OF MODERNIZATION, WITH PURCHASE FOR EXAMPLE, OF F-5 AIRCRAFT, AT A COST OF HUNDREDS OF MILLIONS OF DOLLARS, WOULD, WE BELIEVE, EVENTUALLY HAVE A SERIOUS IMPACT ON RESOURCES AVAILABLE FOR DEVELOPMENT AND ON THE NATIONAL ECONOMY IN GENERAL. THE ADDITIONAL DEBT SERVICING COSTS OF ARMS PURCHASED ON CREDIT WOULD REPRESENT A BALANCE OF PAYMENTS PROBLEM FOR BOLIVIA WHICH WOULD DIMINISH ITS INTERNATIONAL CREDIT RATING AND POSSIBLY FORCE DEFLATIONARY DOMESTIC ECONOMIC MEASURES, BOTH OF WHICH COULD SET BACK BOLIVIA'S DEVELOPMENT EFFORT.

4.F. (1) WITH A C-130 SALE, WE ANTICIPATE NO ADDITIONAL PERSONNEL REQUIRED IN-COUNTRY OVER ODC LEVEL IN FY 1979, AS CONTRACTOR PERSONNEL WILL HAVE BEEN IN-COUNTRY FOR TWO YEARS BASED ON FY 1977 BUY.

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(2) WITH AN F-5 SALE, AN ESTIMATED 2-4 ADDED PERSONNEL
WOULD BE REQUIRED IN-COUNTRY FOR A ONE YEAR PERIOD. NO
PROBLEMS ARE ANTICIPATED FROM THIS ADDED PRESENCE.

4.G. WHATEVER BOLIVIA MIGHT WANT IN TERMS OF THE EQUIPMENT
LISTED IN 4.D. IS ALSO AVAILABLE FROM OTHER COUNTRIES. IF
THE GOB OPTS TO DEVELOP A DETERRENT AND/OR MODERNIZE OVER AND
ABOVE WHAT WE PROJECT, AND IF THE USG DOES NOT PROVIDE THE
EQUIPMENT OR TRAINING, THE GOB CAN AND WILL GO ELSEWHERE.

4.I. NO. SEE HUMAN RIGHTS EVALUATION (LA PAZ 5150 AND 5188).
WE BELIEVE COMPLETE TERMINATION OF A SECURITY ASSISTANCE
RELATIONSHIP, AS EXPLAINED IN 3. ABOVE, WOULD ADVERSELY
EFFECT BILATERAL RELATIONS AND DIMINISH THE BOLIVIAN
MILITARY'S RECEPTIVITY TO USG HUAMN RIGHTS INTEREST AND
OBJECTIVES.

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4.J. IN VIEW OF BOLIVIA'S CONCERN OVER A CHILE/PERU CONFLICT,
THERE MIGHT POSSIBLY BE POTENTIAL AREAS FOR USG:GOB
COOPERATION ON ARMS RESTRAINT. BOLIVIA ALREADY IS SETTING
AN EXAMPLE THROUGH ITS POLICY OF NOT ENGAGING IN LARGE-
SCALE ARMS PURCHASES. PRESIDENT BANZER HAS SPOKEN REPEATEDLY
OF THE NEED FOR PEACE IN THE REGION AND AS PREVIOUSLY
INDICATED, THE GOB IS ENGAGED IN DIPLOMATIC/POLICIAL
EFFORTS TO THIS END. HOWEVER, BOLIVIA'S EFFORTS TO
MAINTAIN FRIENDLY RELATIONS WITH ITS NEIGHBORS, ACHIEVE

AN OUTLET TO THE SEA, AND ITS RELATIVELY LACK OF WEIGHT IN INTERNATIONAL AFFAIRS, WOULD AUGER AGAINST THE GOB BECOMING A LEADING PROPONENT OF ARMS RESTRAINTS. NEVERTHELESS, IF BOLIVIA DOES GAIN A UN SECURITY COUNCIL SEAT, IT CAN BE EXPECTED, WE BELIEVE, TO SUPPORT EFFORTS TO REDUCE THE ARMS TRAFFIC.

4.K. THE GOV CONTINUES IN THE PROCESS OF NATION BUILDING, AND EQUIPMENT RELATED TRAINING WILL BE PRIMARY FOR SOME YEARS TO COME. THE BASIC SKILLS AND DISCIPLINES ACQUIRED THROUGH MILITARY TRAINING ARE TRANSFERRED TO THE CIVILIAN SECTOR WHEN AN INDIVIDUAL COMPLETES MILITARY SERVICE. AGAIN, BASIC US INTEREST IN ASSISTING A FRIENDLY GOVERNMENT IN DEVELOPMENT/INTERNAL PROGRESS WOULD BE WELL SERVED BY CONTINUING IMET EQUIPMENT RELATED TRAINING FOR THE FORESEEABLE FUTURE. WE BELIEVE GOB WOULD PURCHASE EQUIPMENT RELATED TRAINING, BUT PRIMARILY FROM THIRD COUNTRIES, AS US FMS CREDIT COSTS BY COMPARISON ARE HIGH. PRELIMINARY INDICATIONS ARE THAT HOST COUNTRY WOULD PAY TRAVEL AND LIVING COSTS TO MAXIMIZE TRAINING AVAILABILITY, UNDER IMET, BUT ONLY IF IMET FUNDS WERE REDUCED TO THE LEVEL WHICH REQUIRED THIS ACTION. CURRENT IMET FUNDING IS ADEQUATE TO MEET MINIMUM TRAINING REQUIREMENTS AND PAY COST OF STUDENT TRAVEL AND

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